

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2974 - SB 2944**

February 28, 2012

**SUMMARY OF BILL:** Extends property tax exemptions to those limited liability companies or limited partnerships, wherein there is an extended low-income housing commitment as defined in Section § 42 of the Internal Revenue Code. Properties owned by such companies are required to be treated as federally assisted housing.

**ESTIMATED FISCAL IMPACT:**

**Decrease Local Revenue - \$6,000,000**  
**Increase Local Expenditures – Not Significant**

Assumptions:

- According to the Department of Revenue, there are currently 456 properties in the state which are Section § 42 properties.
- According to the Comptroller, the total appraised value of such properties is approximately \$400,000,000.
- Forty percent (40 %) or \$160,000,000 of the value of these properties is currently taxable.
- At an average tax rate of \$3.75 per \$100 of taxable value, exempting such properties from property tax will result in a recurring decrease in local revenue of \$6,000,000  $[(\$160,000,000 / \$100) \times \$3.75]$ .

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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